

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

TRI-STATE BIODIESEL, LLC

Plaintiff,

**REPLY TO
COUNTERCLAIM**

-vs-

**ENVIRONMENTAL ENERGY RECYCLING
CORPORATION, LLC**

**CIVIL CASE NO: 08 CIV 2997
(RMB)**

Defendant.

The Plaintiff, as and for an Reply to the Counterclaims, alleges as follows:

1. Plaintiff denies knowledge or information sufficient to form a belief as to the truth or falsity of each and every allegation and/or statement contained in paragraphs numbered "1", "3-5", "16", "19", "23", "29", "37" and "41" of the Counter-Claims.
2. Plaintiff admits the process of converting waste oils into usable biodiesel fuel is a new industry, denies storing "waste oil" for its later anticipated use, and denies knowledge or information sufficient to form a belief as to the truth or falsity of each and every allegation and/or statement in paragraph "2" of the Counter-Claims.
3. As to the allegations of paragraph "6" of the Counter-Claims, plaintiff admits Tri-State Biodiesel, LLC ("TSB") is a business that collects waste cooking oil that it will convert into biodiesel fuel, and denies knowledge or information sufficient to form a belief as to the truth or falsity of each and every allegation and/or statement in the paragraph.

4. As to the allegations of paragraph "7" of the Counter-Claims, plaintiff denies storing "waste oil" for its later anticipated use, and admits the remainder of the statements and/or allegations of the paragraph.

5. Plaintiff admits the allegations of paragraphs "8-10" of the Counter-Claims.

6. As to the allegations of paragraph "11" of the Counter-Claims, plaintiff admits the terms of the June 2007 agreement speak for themselves and denies the remainder of the allegations of the paragraph.

7. As to the allegations of paragraph "12" of the Counter-Claims, plaintiff admits TSB engaged in discussions with Environmental Energy Recycling Corporation, LLC ("EERC") about selling its waste cooking oil to EERC for \$1.00 per gallon during 2008 and denies the remainder of the allegations of the paragraph.

8. Plaintiff denies the allegations of paragraphs "13", "15", "17-18", "21-22", "24-25", "27-28", "30-31", "33-35", "38-39" and "42-43" in their entirety.

9. As to the allegations of paragraph "14" of the Counter-Claims, plaintiff admits TSB represented it could deliver 19,500 gallons of waste and denies the remainder of the allegations of the paragraph.

10. As to the allegations set forth in paragraph "20", "26", "32", "36" and "40" of the Counter-Claims, the plaintiff repeats and realleges each and every one of the allegations in foregoing paragraphs as if fully set forth herein.

WHEREFORE, the Defendant respectfully requests the Counterclaim be dismissed in its entirety together with such other and further relief as the Court deems just and proper.

Dated: July 3, 2008

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